ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-0432

EXHIBITS SPONSORED BY DANIEL L. MORTLAND

October 10, 2001

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ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-0432

PREPARED REBUTTAL TESTIMONY OF

DANIEL L. MORTLAND

I. WITNESS INTRODUCTION

1. Q. Please state your name, business address and present position.

A. My name is Daniel L. Mortland, 500 South 27th Street, Decatur, Illinois 62521. I am Director of Regulated Pricing and Costing Services for Illinois Power Company "Illinois Power", "IP" or "Company").

2. Q. Have you previously submitted testimony and exhibits in this proceeding?

A. Yes, I have submitted direct and supplemental testimony in this proceeding. My direct testimony and exhibits were submitted as IP Exhibits 3.1 through 3.9. My supplemental testimony was IP Exhibit 3.10 and was accompanied by Corrected Revised Exhibits 3.2 through 3.9.

3. Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is two-fold. First, I will respond to certain issues in the direct testimonies of ICC Staff witness Langfeldt, IIEC witness Gorman, CUB/AG witness Effron and ICC Staff witness Hathhorn. Second, I will present the Company's revised review requirement for electric distribution based on Staff and intervenor adjustments accepted by the Company and revisions and updates to other data, as detailed in my rebuttal testimony and that of other IP witnesses.

4. Q. In addition to your prepared rebuttal testimony, IP Exhibit 3.11, are you sponsoring other exhibits?

A. Yes, I am sponsoring IP Exhibits 3.12 through 3.16, which were prepared under my supervision and direction.

II. Cost of Capital

5. Q. What is shown on IP Exhibit 3.12 and 3.13?

A. IP Exhibit 3.12 shows the weighted average cost of capital based on the Company's rebuttal position as to capital structure and the cost rates for the various classes of capital. IP Exhibit 3.13 shows the development of the balances and embedded cost of long-term debt and supercedes Corrected Revised IP Exhibit 3.3.

6. Q. Are you proposing any changes to the balances and cost rates for transitional funding instruments ("TFIs"), short-term debt, preferred stock and preferred securities, and common equity?

A. No. Corrected Revised IP Exhibit 3.4 shows the balance of TFIs; Corrected Revised IP Exhibit 3.5 shows the development of the balances and the cost rate for short-term debt; Corrected Revised IP Exhibit 3.6 shows the balances and embedded cost rates for preferred stock and preferred securities; and Corrected Revised IP Exhibit 3.7 shows the balance of common stock equity. The Corrected Revised Exhibits were all submitted with my supplemental testimony.

A. Response to ICC Staff Witness Langfeldt

7. Q. Have you accepted any of the changes to the calculation of IP's embedded cost of long-term debt that were proposed by Staff witness Rochelle Langfeldt?

A. Yes. On IP Exhibit 3.13, I have (1) accepted the revisions to certain issue and maturity dates as used by Ms. Langfeldt; (2) employed the straight-line amortization of the unamortized balances of debt discount, premium and expense as proposed by Ms. Langfeldt; and (3) included the annualized amortization expense for a loss on reacquired debt that had been omitted from Corrected Revised IP Exhibit 3.3. However, I have not accepted Ms. Langfeldt's proposal to use the current interest rate on Aaa-rated municipal bonds as the interest cost for IP's Aaa-rated variable-rate pollution control bonds.

8. Q. Why do you oppose Ms. Langfeldt's proposal to use the current interest rate on Aaa-rated variable-rate pollution control bonds?

A. In general, Aaa-rated municipal bonds are not reflective of the cost of IP's Aaa-rated variable-rate pollution control bonds because of the different funding mechanisms and restrictions associated with municipal bonds as compared to IP's variable-rate pollution control bonds. Municipal bonds do not necessarily mean the same type of bonds that IP carries as short-term variable pollution control debt. Municipal bonds can be issued by authorities that can secure the obligation by pledging the revenues from a toll bridge, for instance, or can be backed by the taxing authority of a local government (e.g., general obligation bonds). In addition, municipal bonds can be state tax exempt as well as federal tax exempt, which will lower the coupon rate on the bonds. An additional consideration relates to when the bonds were issued, which determines whether they are subject to the Alternative Minimum Tax ("AMT") legislation of 1986. IP has both AMT and non-AMT variable rate pollution control bonds, with the bonds subject to AMT generally carrying a higher coupon rate in the range of 0.05% to 0.10%. On the other hand, as Ms. Langfeldt

notes in her testimony (Staff Ex. 4.0, footnote 22), IP's variable rate pollution control bonds have certain credit enhancements; these credit enhancements may or may not be reflected in the underlying municipal bonds that Ms. Langfeldt used. In addition, I do not agree with Ms. Langfeldt that an interest rate value for a single day is superior for ratemaking purposes to the use of an average interest rate for a recent historical period.

9. Q. What are the credit enhancements to IP's variable rate pollution control bonds?

A. IP's variable rate pollution control bonds have several forms of credit enhancement. The $150 million Series P, Q and R have three credit enhancements: (1) underlying IP mortgage bonds; (2) payment default insurance provided by a major insurer; and (3) a Standby Bond Purchase Facility provided by a bank syndicate that comes into effect if problems arise during the remarketing of the bonds. The $111,777,000 Series M, N, and O had credit enhancement supplied by two means: (1) underlying IP mortgage bonds and (2) letters of credit provided by a major bank. In May of 2001, the Series M, N and O and Series B, C and D were called and replaced with Series W and X, respectively. The Series W and X variable rate bonds have credit enhancement provided by (1) underlying IP mortgage bonds and (2) payment default insurance provided by a major insurer.

10. Q. How have you determined the interest cost for IP's variable-rate pollution control bonds on IP Exhibit 3.13?

A. The interest rates on the variable rate pollution control bonds are re-set weekly based on market interest rates. Corrected Revised IP Exhibit 3.3 included the actual interest paid on IP's three variable-rate issues during the twelve months ended December 31, 2000. On IP Exhibit 3.13, I have updated the interest expense for these three variable-rate issues to use

the actual interest expense for the twelve months ended June 30, 2001. The actual interest rates on IP's three variable rate pollution control bonds from July 1, 2000 through June 30, 2001 ranged from 3.98% to 4.34%. In contrast, the average rate from short-term tax-exempt debt during the same period, as measured by the J.J. Kenney Index, was 3.80%. The JJ Kenney Index is an index of short-term, tax-exempt debt that is published by Standard & Poor's and is widely used by the financial community. This comparison shows that the interest rates on short-term municipal debt have been somewhat lower than the interest rates on the variable rate pollution control bonds.

Also on IP Exhibit 3.13, I have revised Column 8, Lines 25 and 34, and Column 12, Lines 25 and 34, to reflect the actual costs for the two variable-rate bond refinancings issued in May 2001. For the above lines, Corrected Revised IP Exhibit 3.3 reflected IP's projections of issuance expenses, not the final actual costs.

11. Q. What is the Company's proposed embedded cost of long-term debt?

A. The embedded cost of long-term debt based on the changes I have made, and the changes proposed by Ms. Langfeldt that I have accepted, is 7.31%, as shown on IP Exhibit 3.12, Line 1.

12. Q. Do you agree with Staff witness Langfeldt's adjustment to increase the balance of TFIs by $9 million and to change the cost rate from 7.75% to 6.99%?

A. No. Ms. Langfeldt's calculation incorporates incorrect assumptions and conceptual errors.

First, Ms. Langfeldt incorrectly assumes that IFC collections are remitted by IP to the Indenture Trustee on a monthly basis. In fact, IP remits funds to the Indenture Trustee on a daily basis, and those funds are unavailable for IP's use once remitted. The Indenture

Trustee does make interest and principal payments to the bondholders on a quarterly basis, but this is irrelevant to IP's cost of debt.

Second, Ms. Langfeldt calculated the internal rate of return ("IRR") for the period from the issuance of the TFIs in December 1998 through the final maturity date. This is incorrect because the test year is the twelve months ended December 31, 2000. Moreover, $216 million, or 25% of the original issue amount, has been retired as of June 30, 2001, and should not be reflected in the IRR calculation.

Ms. Langfeldt states that "an IRR for a security would not change with the measurement date" regardless of the time the IRR is computed. This statement is correct only for a security that has a constant interest rate and a constant principal outstanding over its maturity period. The TFIs have uneven cash flows, with principal being amortized on seven classes of bonds, each of which carries different interest rates. The amount of TFIs outstanding decreases by $21.6 million each quarter, as shown in IP Exhibit 3.14, Schedule of TFI Amortization. The method employed by Ms. Langfeldt leads to imaginary interest payments and principal balances which do not match the amounts actually outstanding. Given that the cash flows associated with the TFIs change over time, the weighted cost of the TFIs varies over time.

The IRR calculation I employed is consistent with that used by Staff in the 1999 DST case (Docket Nos. 99-0120 & 99-0134 (Cons.)). However, in that case, the test year was 1997, which is prior to the issuance of the TFIs. Since the test year in this docket is the calendar year 2000, the tranches of TFIs that have matured since the original issuance should not be included in the IRR calculation.

13. Q. Do you agree with Staff witness Langfeldt's proposed increase in the short-term debt balance by $26 million and the proposed decrease in the interest rate from 4.53% to 3.81%, as compared to Corrected Revised IP Exhibit 3.5?

A. No. With respect to the determination of the balance of short-term debt, IP is proposing to use the average of the actual monthly balances of short-term debt outstanding in excess of the balances of CWIP accruing AFUDC for the twelve months ended June 30, 2001. This use of historical information is consistent with the method used by the Commission in the 1999 DST case where actual balances for the twelve months ended December 31, 1997, were used, consistent with the test year in that case. Ms. Langfeldt, in contrast, proposes to determine the short-term debt balances based on information for the twelve months ending December 31, 2001, which requires the use of six months of actual data and six months of forecasted data. This is the only forecasted data that is being proposed for use in determining the capital structure balances in this case, yet it is the most volatile component of the capital structure. If Staff wishes to use forecasted information to determine the short-term debt balance, Staff should also be willing to remove from the capital structure the class of TFI's scheduled for maturity in June 2002, as was reflected in IP's original filing in this case.

Moreover, Ms. Langfeldt then inconsistently applies the actual short-term interest rate at August 23, 2001, to this partially actual, partially forecast twelve-month average balance of short-term debt. A much more internally consistent approach would be to use the average balance of short-term debt in excess of CWIP not accruing AFUDC for the

12 months ended June 30, 2001, and the average short-term debt rate for the last month in that period (June 2001), as I have done.

There appears to be no basis for the use of the short-term debt rate for the specific date of August 23, 2001 other than the fact that this was the latest date Ms. Langfeldt could use in order to get her testimony prepared for filing in accordance with the procedural schedule in this case. In any event, I see no justification for using a single point in time as the basis for determining the cost of short-term debt. The short-term debt rate for a single day can reflect temporary situations that may have impacted the short-term debt market only during that particular day. Interest rates on commercial paper continually move up and down, driven directly by such external pressures as market demand for short-term funds, the Federal Reserve's current interest rate settings and investors' desires to "dress up" their balance sheets at quarter-end and year-end. By using a single day in August, Ms. Langfeldt ignores the volatility and changing nature of interest rates over the course of a longer period. For example, Ms. Langfeldt chose August 23, resulting in a cost rate of 3.68%. On September 4, 2001, the date before the Staff and intervenor direct testimony was originally scheduled to be submitted, IP's cost of short-term debt was 3.75%. Over the 31-day period ended August 31, 2001, the range between IP's highest and lowest costs of short-term debt was 42 basis points. Therefore, I used the June 2001 average cost of 4.0408% for the cost of short-term debt, rather than a one-day value as Ms. Langfeldt proposes.

B. Response to IIEC Witness Gorman

14. Q. Do you have any comments on Mr. Gorman's statement that IP's proposed capital structure is appropriate for setting rates for a distribution company because IP's common equity ratio excluding the TFIs is 45.4%, and Standard & Poor's and Fitch IBCA both are projecting transmission and distribution utilities to have a median debt to total capital ratio of 55%?

A. Yes, I do. Mr. Gorman has calculated a common equity ratio for IP excluding the TFIs and then compared it to two rating agencies' projected debt to total capital ratios for Transmission and Distribution ("T&D") utilities. I cannot tell from his testimony, or the source documents he provided, whether any of the T&D companies reflected in the rating agencies' projected debt ratios have securities similar to the TFIs in their capital structures, and if they do, whether the rating agencies have excluded those similar securities from the T&D companies' capital structures in determining the median capital structures. More importantly, the Commission determined in the 1999 DST Case that IP's capital structure for ratemaking purposes should include the TFIs. Therefore, the common equity component of IP's capital structure for purposes of this case is approximately 36% to 37%, as all the cost of capital witnesses agree, and its debt to total capital ratio is approximately 60%. I view this as materially higher (i.e., more highly leveraged) than the T&D median cited by Mr. Gorman. In addition, the Standard & Poor's source document provided by Mr. Gorman indicates that S & P includes purchased power obligations in the capital structure. IP's purchased power obligations have not been included in its capital structure for purposes of this case; if they were included, the Company's common equity

ratio would be further reduced.

III. Revenue Requirement Calculation

15. Q. Do you agree with CUB/AG witness Effron's testimony that you did not properly reflect amortization of investment tax credit in the calculation of the taxable income base on Corrected Revised IP Exhibit 3.9?

A. Yes. I have made the necessary corrections in preparing IP Exhibit 3.16, which presents recalculation of the overall revenue requirement for IP's rebuttal position.

16. Q. Do you agree with Mr. Effron's use of a 10.80% rate of return on common equity in calculating the revenue requirement?

A. No, I do not. Neither Mr. Effron nor any other witness from CUB or the Attorney General has presented any basis for using 10.80% as the Company's current cost of common equity. The Company continues to request a 12.50% rate of return on the common equity component of the capital structure based on Mr. Moul's direct and rebuttal testimonies.

17. Q. Has Staff witness Hathhorn proposed an adjustment to the Company's interest synchronization?

A. It appears that Ms. Hathhorn has employed a methodology to calculate interest expense and the related tax benefits in a manner consistent to that used by the Company. The adjustment results from other Staff adjustments to rate base and Staff's recommended weighted cost of debt. The final interest expense adjustment should be based upon the level of rate base and cost of debt ultimately approved by the Commission in this proceeding.

IV. Revenue Requirement

18. Q. Please describe IP Exhibit 3.15.

A. IP Exhibit 3.15 shows the development of the Company's revised electric distribution revenue requirement, reflecting changes to various rate base and operating expense components as described in the rebuttal testimonies and exhibits sponsored by IP witnesses Carter, Barud, Althoff and Holtzscher. Line 29, Revenue Requirement for Individual Columns, changes for each column due to the impact of the revised cost of capital as well as changes to rate base, operating expenses and the gross up of deferred ITC tax amortization. The following list describes each column of IP Exhibit 3.15, identifies those columns that have been revised or added, as compared to Corrected Revised IP Exhibit 3.8, and references the exhibit(s) which is the source of each of these columns:

- Column (2): This column shows the unadjusted functionalized balances for each component of rate base and operating expenses as of December 31, 2000. See Corrected Revised IP Exhibits 1.2 and 1.3 and IP Exhibit 1.14 (Carter).
- Column (3): This column shows the adjustments for Energy Delivery Rate Base Additions and the related Accumulated Provision for Depreciation and Amortization, and Depreciation and Amortization Expense. See IP Exhibits 2.14 – 2.16 (Barud) and 1.36, 1.38 and 1.43 (Carter)
- Column (4): This column shows the adjustment for Corporate Capital Additions and the related Accumulated Provision for Depreciation and Amortization and Depreciation and Amortization Expense. See IP Exhibits 1.35, 1.36, 1.38 and 1.43 (Carter).
- Column (5): This column shows the adjustment for the Load Research Program. See IP Exhibits 6.1 and 6.5 (Jones) and 1.36, 1.38 and 1.43 (Carter).

- Column (6): This column shows the adjustment for FAS 109 Gross-up. See IP Exhibits 1.6 and 1.35 (Carter).
- Column (7): This column shows the adjustment for CWIP transferred to Utility Plant in Service. See Corrected Revised IP Exhibit 1.7 and IP Exhibits 1.36, 1.38 and 1.43 (Carter).
- Column (8): This column shows the adjustment for Facilities No Longer in Use. See IP Exhibits 1.8, 1.29, 1.36, 1.38 and 1.43 (Carter).
- Column (9): This column shows the adjustment for Cash Working Capital. See IP Exhibit 1.37 (Carter).
- Column (10): This column shows the adjustment for Rate Case Expense. See IP Exhibit 1.16 (Carter).
- Column (11): This column shows the adjustment for Postal Rate Increase. See IP Exhibit 1.17 (Carter).
- Column (12): This column shows the adjustment for Insurance Expense. See IP Exhibit 1.18 (Carter).
- Column (13): This column shows the adjustment for costs of the Standards of Conduct / Functional Separation Rulemaking. See IP Exhibit 1.19 (Carter).
- Column (14): This column shows the adjustment for costs of the Affiliate Transactions rulemaking. See IP Exhibit 1.20 (Carter).
- Column (15): This column shows the adjustment for Y2K Expense. See IP Exhibit 1.45 (Carter).

- Column (16): This column shows the adjustment associated with the cost of Company use of electricity. See IP Exhibit 1.24 (Carter).
- Column (17): This column shows the adjustment for pass-through taxes. See IP Exhibit 1.25 (Carter).
- Column (18): This column shows the adjustment for increased payroll costs. See IP Exhibit 1.44 (Carter).
- Column (19): This column shows the adjustment for Federal Insurance Contributions Act taxes. See IP Exhibit 1.27 (Carter).
- Column (20): This column shows the adjustment for severance costs and transition employees. See Corrected Revised IP Exhibit 1.28 (Carter).
- Column (21): This column shows the adjustment for Dynegy senior executive compensation. See IP Exhibit 1.30 (Carter).
- Column (22): This column shows the adjustment for implementation of the Operations Compliance Group. See IP Exhibit 2.1 (Barud).
- Column (23): This column shows the adjustment to normalize storm damage expense. See IP Exhibit 2.11 (Barud).
- Column (24): This column shows the adjustment for additional personnel relating to residential customer choice. See IP Exhibit 7.4 (Holtzscher).
- Column (25): This column shows the adjustment for Accumulated Depreciation of Plant in Service as of December 31, 2000, through June 30, 2001. See IP Exhibit 1.41 (Carter).

- Column (26): This column shows the adjustment for Accumulated Deferred Taxes on Plant in Service as of December 31, 2000, through June 30, 2001. See IP Exhibit 1.41 (Carter).
- Column (27): This column shows the adjustment to Unamortized Pre-1971 Investment Tax Credit, as proposed by CUB/AG witness Effron.
- Column (28): This column shows the adjustment to amortize the test year expense for the "Duke Engineering" litigation. See IP Exhibit 1.61 (Carter).
- Column (29): This column shows the adjustments to remove a portion of EEI Dues that is used for lobbying purposes, as proposed by Staff witness Pearce.
- Column (30): This column shows the adjustment to amortize certain test year Injuries and Damages costs. See IP Exhibit 1.60. (Carter).
- Column (31): This column shows the adjustment for use of the correct allocation method under Services and Facilities Agreement for charges billed by Dynegy, as proposed by Staff witness Hathhorn.
- Column (32): This column shows the adjustment to eliminate certain reimbursements to Clinton Power Station employees, as proposed by Staff witness Hathhorn.
- Column (33): This column shows the adjustment for additional metering and billing expenses relating to the additional customers at year end 2000 included in the billing determinants as proposed by CUB/AG witness Effron. See IP Exhibit 8.13 (Althoff).
- Column (34): This column shows the adjustment to remove the expense for IP's pro rata share of the annual contribution to the Energy Efficiency Fund, as proposed by Staff witness Pearce.

- Column (35): This column shows the Total Pro Forma Adjustments. The Total Pro Forma Adjustments are revised from the total shown on Corrected Revised IP Exhibit 3.8 due to the changes and/or additions to the adjustments in Columns (3), (9), (15), (18), (24), (25), (26), (27), (28), (29), (30), (31), (32) and (33).
- Column (36): This column shows the adjusted Total Rate Base and Total Operating Expenses. Total Rate Base is now $931,315,000 (versus $943,394,000 on Corrected Revised IP Exhibit 3.8). Total Operating Expenses are now $190,357,000 (versus $196,771,000 on Corrected Revised IP Exhibit 3.8).

19. Q. Please describe IP Exhibit 3.16.

A. IP Exhibit 3.16 presents the calculation of the electric distribution revenue requirement based on the Company's rebuttal position. Comparing page 1 of IP Exhibit 3.16 to page 1 of Corrected Revised IP Exhibit 3.9: (1) Line 1, Net Rate Base, is now lower by $12,079,000 due to the aggregate impact of the revisions to rate base presented by IP witnesses Carter and Barud; (2) Line 2, Before-Tax Weighted Cost of Capital, is higher (9.17% vs. 9.16%) as a result of the changes I described earlier in this testimony; (3) Line 3, Return Requirement, is now lower by $1,013,000 due to the changes to Lines 1 and 2; (4) Line 4, Income Tax Savings Due to Interest Synchronization Deduction, is now lower by $75,000 due to the changes to Original Cost Rate Base and to the Weighted Cost of Debt, as shown on page 2 of IP Exhibit 3.16; (5) Line 4a, Amortization of Investment Tax Credit, is a new line as proposed by CUB/AG witness Effron; (6) Line 5, After-tax Rate Base Return Requirement, is now lower by $1,511,000 as a result of the changes to Lines 1 through 4; (7) Line 6, Times Gross-up

Conversion Factor, is changed to 1.66431 from 1.65747 due to the inclusion of an uncollectible factor of .0041 in the gross-up conversion factor as proposed by Staff witness Hathhorn; (8) Line 7, Requested Return Grossed Up for Income Taxes, is now lower by $2,039,000, as a result of changes to Lines 1 through 6; and (9) Line 8, Operating Expenses before Income taxes, is now lower by $6,414,000 due to the changes to various operating statement components presented by IP witnesses Carter, Althoff, and Holtzscher in their rebuttal testimonies and exhibits. The resulting electric distribution revenue requirement, shown on Line 10 on page 1 of IP Exhibit 3.1, is now $304,148,000 as compared to an electric distribution revenue requirement of $312,028,000 shown on page 1 of Corrected Revised IP Exhibit 3.9, i.e., a decrease of $7,880,000.

20. Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

Illinois Power Company
Rate of Return
Cost of Capital Summary
Net Proceeds Method
as of June 30, 2001

Line No.	Description	Amount of Capital Stock	Capital Structure Ratio	Cost Rate	Weighted Rate
	(1)	(2)	(3)	(4)	(5)
1	Long-Term Debt	$ 1,093,971,947	34.93%	7.31%	2.55%
2	Transitional Funding Instruments	605,479,216	19.34%	7.75%	1.50%
3	Short-Term Debt	146,280,849	4.67%	4.53%	0.21%
4	Preferred Stock, Non-tax Advantaged	45,430,145	1.45%	5.05%	0.07%
5	Preferred Securities, Tax Advantaged	94,275,415	3.01%	8.63%	0.26%
6	Common Equity	1,146,130,943	36.60%	12.50%	4.58%
7	Total	$ 3,131,568,515	100.00%		9.17%

Illinois Power Company
Embedded Cost of Long-Term Debt
Net Proceeds Method
As of June 30, 2001

	Debt Type (1)	Debt Issue (2)	Date Issued (3)	Maturity Date (4)	Principal Amount (5)	Face Amount Outstanding (6)	Unamortized Debt Discount (Premium) (7)	Unamortized Debt Expense (8)	Carrying Value (6)-(7)-(8) (9)	Annualized Coupon Expense (2) x (6) (10)	Annualized Amortization of Debt Discount (Premium) (11)	Annualized Amortization of Debt expense (12)	Annualized Interest Expense (10)+(11)+(12) (13)
1	Loss on Reacquired Debt	Series 14.5% & 12%	09/01/1996	09/01/2016	$150,000,000	$0	$0	$9,900,760	($9,900,760)	$0	$0	$652,800	$652,800
2	Loss on Reacquired Debt	Series 7.600%	12/01/1993	10/01/2001	35,000,000			24,067	(24,067)			24,067	24,067
3	Loss on Reacquired Debt	Series 7.625%	09/01/1993	04/01/2003	60,000,000			293,003	(293,003)			167,424	167,424
4	Loss on Reacquired Debt	Series 10.500%	05/01/1991	09/01/2004	50,000,000			517,081	(517,081)			163,284	163,284
5	Loss on Reacquired Debt	Series 8.625%	04/01/1993	03/01/2005	100,000,000			1,316,546	(1,316,546)			359,058	359,058
6	Loss on Reacquired Debt	PCB Series C 10.750%	07/01/1991	11/01/2028	150,000,000			4,955,710	(4,955,710)			181,308	181,308
7	Loss on Reacquired Debt	PCB Series D 11.625%	05/01/1994	02/01/2024	75,000,000			1,531,523	(1,531,523)			67,812	67,812
8	Loss on Reacquired Debt	PCB Series E 10.750%	07/01/1991	12/01/2024	150,000,000			2,493,353	(2,493,353)			106,476	106,476
9	Loss on Reacquired Debt	Series 9.875%	11/01/1990	07/01/2016	75,000,000			277,290	(277,290)			18,486	18,486
10	Loss on Reacquired Debt	Series 9.375%	03/01/1993	02/01/2023	125,000,000			7,214,454	(7,214,454)			334,260	334,260
11	Loss on Reacquired Debt	PCB Series F,G,H 7.625%	06/01/1997	04/01/2032	150,000,000			5,530,325	(5,530,325)			179,844	179,844
12	Loss on Reacquired Debt	PCB Series I 8.300%	07/01/1987	04/01/2017	33,755,000			3,696,935	(3,696,935)			234,726	234,726
13	Loss on Reacquired Debt	Series 8.875%	03/01/1993	02/01/2023	100,000,000			3,636,113	(3,636,113)			168,468	168,468
14	Loss on Reacquired Debt	Series 12.000%	01/01/1988	11/01/2012	75,000,000			327,392	(327,392)			28,884	28,884
15	Loss on Reacquired Debt	Series 7.500%	08/01/1993	07/15/2025	200,000,000			2,307,387	(2,307,387)			227,640	227,640
16	Loss on Reacquired Debt	PCB Series 5.400%	03/01/1998	03/01/2028	52,455,000			1,160,800	(1,160,800)			43,530	43,530
17	Loss on Reacquired Debt	PCB Series 7.375%	07/01/1999	12/01/2008	84,710,000			7,796,424	(7,796,424)			1,039,524	1,039,524
18	Loss on Reacquired Debt	Series 7.950%	12/01/1998	12/01/2008	72,000,000			3,216,543	(3,216,543)			428,868	428,868
19	Loss on Reacquired Debt	Series 8.750%	01/01/1999	12/01/2008	125,000,000			4,710,948	(4,710,948)			628,128	628,128
20													
21	New Mortgage Bond	Series 6.500%	08/01/1993	08/01/2003	100,000,000	100,000,000	268,846	29,057	99,702,097	6,500,000	128,778	13,918	6,642,696
22													
23	New Mortgage Bond	Series 6.750%	03/15/1993	03/15/2005	70,000,000	70,000,000	198,458	38,089	69,763,453	4,725,000	53,499	10,268	4,788,767
24													
25	Auction Rate Debt	PCB Series X Adjustable	05/01/2001	03/01/2017	75,000,000	75,000,000		2,466,626	72,533,374	3,155,983		156,816	3,312,799
26	Auction and Remarketing Fees	PCB Series X Adjustable	05/01/2001	03/01/2017	75,000,000					415,092			415,092
27													
28	New Mortgage Bond	PCB Series U 5.700%	02/01/1994	02/01/2024	35,615,000	35,615,000	5,023,823	1,377,910	29,213,267	2,030,055	222,239	60,955	2,313,249
29													
30	New Mortgage Bond	PCB Series V 7.400%	12/01/1994	12/01/2024	84,150,000	84,150,000	658,523	3,034,149	80,457,328	6,227,100	28,096	129,452	6,384,648
31													
32	New Mortgage Bond	Series 7.500%	07/22/1993	07/15/2025	200,000,000	65,630,000	728,090	67,211	64,834,699	4,922,250	30,265	2,794	4,955,309
33													
34	Auction Rate Debt	PCB Series W Adjustable	05/01/2001	11/01/2028	111,770,000	111,770,000	409,530	4,576,333	106,784,137	5,254,709	14,988	166,872	5,436,569
35	Auction and Remarketing Fees	PCB Series W Adjustable	05/01/2001	11/01/2028	111,770,000					564,256			564,256
36													
37	New Mortgage Bond	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000	150,000,000		2,669,229	147,330,771	5,971,000		86,733	6,057,733
38	Remarketing and LOC Fees	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000					301,726			301,726
39													
40	New Mortgage Bond	PCB Series S 5.400%	03/06/1998	03/01/2028	18,700,000	18,700,000		520,245	18,179,755	1,009,800		19,494	1,029,294
41													
42	New Mortgage Bond	PCB Series T 5.400%	03/06/1998	03/01/2028	33,755,000	33,755,000		525,471	33,229,529	1,822,770		19,690	1,842,460
43													
44	New Mortgage Bond	Series 6.250%	07/15/1998	07/15/2002	100,000,000	95,675,000	17,001	220,055	95,437,944	5,979,688	16,330	211,369	6,207,387
45													
46	New Mortgage Bond	Series 6.000%	09/16/1998	09/15/2003	100,000,000	90,000,000	79,373	338,778	89,581,849	5,400,000	35,900	153,227	5,589,127
47													
48	New Mortgage Bond	Series 7.500%	06/29/1999	06/15/2009	250,000,000	250,000,000	293,401	1,876,203	247,830,396	18,750,000	36,839	235,574	19,022,413
49													
50	**Total Long-Term Debt 2000 Ending Balances, Adjusted**					$1,180,295,000	$7,677,045	$78,646,008	$1,093,971,947	$73,029,428	$566,934	$6,321,749	$79,918,111
51													

Embedded Cost of Long Term Debt 7.31%

NOTE: Long-term debt ties to 2000 FERC Form 1 excluding the Fair Market Value Adjustment of $10.5 million . Loss on reacquired debt is presented here as if the Company had not discontinued accounting for generation assets under FAS 71.

IP Exhibit 3.14

Illinois Power Company

Schedule of Transitional Funding Instrument Amortization

Date	5.39% Class A-1	5.26% Class A-2	5.31% Class A-3	5.34% Class A-4	5.38% Class A-5	5.54% Class A-6	5.65% Class A-7	Series 1998-1
Dec-98	$110,000,000	$100,000,000	$80,000,000	$85,000,000	$175,000,000	$175,000,000	$139,000,000	$864,000,000
Jun-99	66,800,000	100,000,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	820,800,000
Sep-99	45,200,000	100,000,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	799,200,000
Dec-99	23,600,000	100,000,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	777,600,000
Mar-00	2,000,000	100,000,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	756,000,000
Jun-00		80,400,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	734,400,000
Sep-00		58,800,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	712,800,000
Dec-00		37,200,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	691,200,000
Mar-01		15,600,000	80,000,000	85,000,000	175,000,000	175,000,000	139,000,000	669,600,000
Jun-01			74,000,000	85,000,000	175,000,000	175,000,000	139,000,000	648,000,000
Sep-01			52,400,000	85,000,000	175,000,000	175,000,000	139,000,000	626,400,000
Dec-01			30,800,000	85,000,000	175,000,000	175,000,000	139,000,000	604,800,000
Mar-02			9,200,000	85,000,000	175,000,000	175,000,000	139,000,000	583,200,000
Jun-02				72,600,000	175,000,000	175,000,000	139,000,000	561,600,000
Sep-02				51,000,000	175,000,000	175,000,000	139,000,000	540,000,000
Dec-02				29,400,000	175,000,000	175,000,000	139,000,000	518,400,000
Mar-03				7,800,000	175,000,000	175,000,000	139,000,000	496,800,000
Jun-03					161,200,000	175,000,000	139,000,000	475,200,000
Sep-03					139,600,000	175,000,000	139,000,000	453,600,000
Dec-03					118,000,000	175,000,000	139,000,000	432,000,000
Mar-04					96,400,000	175,000,000	139,000,000	410,400,000
Jun-04					74,800,000	175,000,000	139,000,000	388,800,000
Sep-04					53,200,000	175,000,000	139,000,000	367,200,000
Dec-04					31,600,000	175,000,000	139,000,000	345,600,000
Mar-05					10,000,000	175,000,000	139,000,000	324,000,000
Jun-05						163,400,000	139,000,000	302,400,000
Sep-05						141,800,000	139,000,000	280,800,000
Dec-05						120,200,000	139,000,000	259,200,000
Mar-06						98,600,000	139,000,000	237,600,000
Jun-06						77,000,000	139,000,000	216,000,000
Sep-06						55,400,000	139,000,000	194,400,000
Dec-06						33,800,000	139,000,000	172,800,000
Mar-07						12,200,000	139,000,000	151,200,000
Jun-07							129,600,000	129,600,000
Sep-07							108,000,000	108,000,000
Dec-07							86,400,000	86,400,000
Mar-08							64,800,000	64,800,000
Jun-08							43,200,000	43,200,000
Sep-08							21,600,000	21,600,000
Dec-08							0	0

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	December 31, 2000	Proforma #1 Energy Delivery Rate Base Additions	Proforma #2 Corporate Capital Additions Adjustment	Proforma #3 Load Research Adjustment	Proforma #4 FAS 109 Gross-up Adjustment	Proforma #5 Plant Transfer from CWIP to UPIS Adjustment	Proforma #6 Facilities No Longer in Use Adjustment	Proforma #7 Cash Working Capital Adjustment	Proforma #8 Rate Case Expense Adjustment	Proforma #9 Postal Rate Increase Adjustment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	RATE BASE										
	Plant in Service										
1	Distribution Plant in Service	$1,392,655.0	$79,029.0	-	$1,606.0	($2,101.0)	-	-	-	-	-
2	General Plant in Service	193,902.0	1,973.0	$5,477.0	-	(115.0)	$5,913.0	($7,346.0)	-	-	-
3	Intangible Plant in Service	63,479.0	1,303.0	2,992.0	-	-	2,545.0	-	-	-	-
4	Accumulated Deprec - Distribution	(573,562.0)	20,137.0	-	(19.0)	717.0	-	-	-	-	-
5	Accumulated Deprec - General	(47,759.0)	67.0	7,310.0	-	75.0	(74.0)	6,934.0	-	-	-
6	Accumulated Deprec - Intangible	(49,696.0)	(130.0)	(299.0)	-	-	(255.0)	-	-	-	-
7	**Net Plant in Service**	979,019.0	102,379.0	15,480.0	1,587.0	(1,424.0)	8,129.0	(412.0)	-	-	-
	Adjustments										
	Add:										
8	Land Held for Future Use	-	-	-	-	-	-	-	-	-	-
9	CWIP - Not Including AFUDC	5,592.0	-	-	-	-	-	-	-	-	-
10	Depr Res - Contrib Electric Distribution	2,870.0	-	-	-	-	-	-	-	-	-
11	Working Capital	6,873.0	-	-	-	-	-	-	3,025.0	-	-
	Less:										
12	Reserve for Deferred Income Taxes	(173,375.0)	(2,388.0)	(1,670.0)	(33.0)	-	(289.0)	255.0	-	-	-
13	Customer Deposit Balance	(2,044.0)	-	-	-	-	-	-	-	-	-
14	Customer Advances for Construction	(1,032.0)	-	-	-	-	-	-	-	-	-
15	Pre-1971 ITC	(564.0)	-	-	-	-	-	-	-	-	-
16	**Total Adjustments**	(161,680.0)	(2,388.0)	(1,670.0)	(33.0)	-	(289.0)	255.0	3,025.0	-	-
17	**Total Rate Base**	$817,339.0	$99,991.0	$13,810.0	$1,554.0	($1,424.0)	$7,840.0	($157.0)	$3,025.0	$0.0	$0.0
	Operating Expenses										
18	Operation & Maintenance	$51,243.0	-	-	$144.0	-	-	-	-	-	-
19	Customer Accounts Expense	12,087.0	-	-	-	-	-	-	-	-	$68.0
20	Customer Service and Informational Expense	4,950.0	-	-	-	-	-	-	-	-	-
21	Sales Expense	-	-	-	-	-	-	-	-	-	-
22	Administrative and General Expenses	63,521.0	-	-	-	-	$86.0	($193.0)	-	$494.0	-
23	Depreciation Expense - Distribution Plant	31,890.0	$1,834.0	-	38.0	-	-	-	-	-	-
24	Depreciation Expense - General Plant	4,983.0	37.0	$120.0	-	-	148.0	(152.0)	-	-	-
25	Amortization Expense - Intangible Plant	5,659.0	261.0	598.0	-	-	509.0	-	-	-	-
26	Taxes Other Than Income	45,656.0	-	-	-	-	96.0	(73.0)	-	-	-
27	Investment Tax Credit Adjustment - Net	(573.0)	-	-	-	-	-	-	-	-	-
28	**Total Operating Expenses**	$219,416.0	$2,132.0	$718.0	$182.0	$0.0	$839.0	($418.0)	$0.0	$494.0	$68.0
29	Revenue Requirement for Individual Columns	$320,439.0	$14,420.0	$2,415.0	$374.0	($176.0)	$1,803.0	($437.0)	$371.0	$494.0	$68.0

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	Proforma #10 Insurance Expense Adjustment	Proforma #11 Conduct/Functional Separation Rulemaking	Proforma #12 Affiliate Transaction Rulemaking	Proforma #13 Y2K Expense	Proforma #14 Company Use Adjustment	Proforma #15 Pass-Thru Revenue Tax Elimination	Proforma #16 Payroll Adjustment	Proforma #17 FICA Tax Adjustment	Proforma #18 Severance / Transition Adjustment	Proforma #19 Dynegy Executive Bonuses Adjustment	Proforma #20 Operations Compliance Expense	Proforma #21 Storm Damage Normalization Expense	Proforma #22 Additonal Personnel Adjustment
	(1)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	RATE BASE													
	Plant in Service													
1	Distribution Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-	-
2	General Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Intangible Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Accumulated Deprec - Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Accumulated Deprec - General	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Accumulated Deprec - Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-
7	**Net Plant in Service**	-	-	-	-	-	-	-	-	-	-	-	-	-
	Adjustments													
	Add:													
8	Land Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-
9	CWIP - Not Including AFUDC	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Depr Res - Contrib Electric Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
	Less:													
12	Reserve for Deferred Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Customer Deposit Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Customer Advances for Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Pre-1971 ITC	-	-	-	-	-	-	-	-	-	-	-	-	-
16	**Total Adjustments**	-	-	-	-	-	-	-	-	-	-	-	-	-
17	**Total Rate Base**	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Operating Expenses													
18	Operation & Maintenance	-	-	-	($52.0)	$1,127.0	-	$762.0	-	($867.0)	-	$77.0	$581.0	-
19	Customer Accounts Expense	-	-	-	1.0	-	-	185.0	-	(211.0)	-	-	-	-
20	Customer Service and Informational Expense	-	-	-	-	-	-	123.0	-	(131.0)	-	-	-	$246.0
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Administrative and General Expenses	$2,619.0	$14.0	$51.0	86.0	-	-	348.0	-	(12,521.0)	($7,825.0)	-	-	81.0
23	Depreciation Expense - Distribution Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Depreciation Expense - General Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Amortization Expense - Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Taxes Other Than Income	-	-	-	-	-	($12,067.0)	-	$52.0	(377.0)	-	-	-	-
27	Investment Tax Credit Adjustment - Net	-	-	-	-	-	-	-	-	-	-	-	-	-
28	**Total Operating Expenses**	$2,619.0	$14.0	$51.0	$35.0	$1,127.0	($12,067.0)	$1,418.0	$52.0	($14,107.0)	($7,825.0)	$77.0	$581.0	$327.0
29	Revenue Requirement for Individual Columns	$2,619.0	$14.0	$51.0	$35.0	$1,127.0	($12,067.0)	$1,418.0	$52.0	($14,107.0)	($7,825.0)	$77.0	$581.0	$327.0

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	Proforma #23 Accum Deprec on Embedded Plant 12/00 -6/30/02	Proforma #24 Accum Def Inc Taxes on Embedded Plant 12/00 -6/30/02	Proforma #25 Unamortized Pre-1971 ITC	Proforma #26 Duke Litigation Expense	Proforma #27 EEi Dues Adjustment	Proforma #28 Insurance Accrual Amortization	Proforma #29 Services & Facilities Adjustment	Proforma #30 Eliminate Clinton NPS Expenses	Proforma #31 Meter/ Billing Expense Adjustment	Proforma #32 Energy Efficiency Adjustment	Revised Total Pro Forma Adjustments (Col. 3 thru Col. 34)	Revised Adjusted Deceber 31, 2000 (Col. 2 plus Col.35)
	(1)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
	RATE BASE												
	Plant in Service												
1	Distribution Plant in Service	-	-	-	-	-	-	-	-	-	-	$78,534.0	$1,471,189.0
2	General Plant in Service	-	-	-	-	-	-	-	-	-	-	5,902.0	199,804.0
3	Intangible Plant in Service	-	-	-	-	-	-	-	-	-	-	6,840.0	70,319.0
4	Accumulated Deprec - Distribution	(15,945.0)	-	-	-	-	-	-	-	-	-	4,890.0	(568,672.0)
5	Accumulated Deprec - General	(2,492.0)	-	-	-	-	-	-	-	-	-	11,820.0	(35,939.0)
6	Accumulated Deprec - Intangible	(2,830.0)	-	-	-	-	-	-	-	-	-	(3,514.0)	(53,210.0)
7	**Net Plant in Service**	(21,267.0)	-	-	-	-	-	-	-	-	-	104,472.0	1,083,491.0
	Adjustments												
	Add:												
8	Land Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-
9	CWIP - Not Including AFUDC	-	-	-	-	-	-	-	-	-	-	-	5,592.0
10	Depr Res - Contrib Electric Distribution	-	-	-	-	-	-	-	-	-	-	-	2,870.0
11	Working Capital	-	-	-	-	-	-	-	-	-	-	3,025.0	9,898.0
												-	-
	Less:											-	-
12	Reserve for Deferred Income Taxes	-	10,639.0	-	-	-	-	-	-	-	-	6,514.0	(166,861.0)
13	Customer Deposit Balance	-	-	-	-	-	-	-	-	-	-	-	(2,044.0)
14	Customer Advances for Construction	-	-	-	-	-	-	-	-	-	-	-	(1,032.0)
15	Pre-1971 ITC	-	-	(35.0)	-	-	-	-	-	-	-	(35.0)	(599.0)
16	**Total Adjustments**	-	10,639.0	(35.0)	-	-	-	-	-	-	-	9,504.0	(152,176.0)
17	**Total Rate Base**	($21,267.0)	$10,639.0	($35.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$113,976.0	$931,315.0
	Operating Expenses												
18	Operation & Maintenance	-	-	-	-	-	-	-	-	-	-	$ 1,772.0	$53,015.0
19	Customer Accounts Expense	-	-	-	-	-	-	-	-	33.0	-	76.0	12,163.0
20	Customer Service and Informational Expense	-	-	-	-	-	-	-	-	-	(446.0)	(208.0)	4,742.0
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-
22	Administrative and General Expenses	-	-	-	(687.0)	(14.0)	(3,225.0)	(1,035.0)	(2.0)	-	-	(21,723.0)	41,798.0
23	Depreciation Expense - Distribution Plant	-	-	-	-	-	-	-	-	-	-	1,872.0	33,762.0
24	Depreciation Expense - General Plant	-	-	-	-	-	-	-	-	-	-	153.0	5,136.0
25	Amortization Expense - Intangible Plant	-	-	-	-	-	-	-	-	-	-	1,368.0	7,027.0
26	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	(12,369.0)	33,287.0
27	Investment Tax Credit Adjustment - Net	-	-	-	-	-	-	-	-	-	-	-	(573.0)
28	**Total Operating Expenses**	$0.0	$0.0	$0.0	($687.0)	($14.0)	($3,225.0)	($1,035.0)	($2.0)	$33.0	($446.0)	($29,059.0)	$190,357.0
29	Revenue Requirement for Individual Columns	($2,613.0)	$1,308.0	($4.0)	($687.0)	($14.0)	($3,225.0)	($1,035.0)	($2.0)	$33.0	($446.0)	($15,051.0)	$305,388.0

Illinois Power Company
Calculation of Delivery Services Revenue Requirement
(Thousands of Dollars)

Line No.	Component	Revenue Requirement Calculation
(1)	(2)	(3)
1	Net Rate Base 1/	$931,315
2	Times Before-Tax Weighted Cost of Capital 2/	9.17%
3	Return Requirement	$85,402
4	Income Tax Savings on Interest Synchronization Deduction 3/	(16,802)
4a	Amortization of Investment Tax Credits (ITC) 6/	(573)
5	After-tax Rate Base Return Requirement (Line 3 plus Line 4 and Line 4a)	$68,027
6	Times Gross-up Conversion Factor 4/	1.66431
7	Requested Return Grossed Up for Income Taxes	$113,218
8	Operating Expenses before Income Taxes but Including ITC 5/	$190,357
8a	Less: Amortization of Investment Tax Credits 6/	(573)
9	Operating Expenses before Income Taxes	$190,930
10	Revenue Requirement	$304,148

1/ IP Exhibit 3.16, Page 3, Line 17
2/ IP Exhibit 3.12
3/ IP Exhibit 3.17, Page 2, Line 6
4/ Effective Federal income tax rate is 32.354%
Effective State income tax rate is 7.151%
Uncollectible adjustment rate is .41%
Combined effective income tax rate is 39.915%
Gross-up conversion factor =
1 / ((1 less Uncollectibes) - Tax Rate) = (1 / (1-.0041 - .39505)) = 1.66431
5/ IP Exhibit 3.16, Page 3, Line 28
6/ IP Exhibit 3.16, Line 27

ILLINOIS POWER COMPANY
Interest Synchronization
(000s)

Line No.	Description	Tax Rate	Amount
	(1)	(2)	(3)
1	Original Cost Net Rate Base 1/		$931,315
2	Weighted Cost of Debt 2/		4.52%
3	Synchronized Interest		$42,095
4	Federal Income Tax Savings	32.354%	13,620
	Uncollectible Savings	0.41%	173
5	State Income Tax Savings	7.151%	3,010
	Total Tax Impact	39.915%	
6	Total Income Tax Savings		16,802

1/ IP Exhibit 3.15, Page 3, Line 17

2/ Long-Term Debt 2.55%
Transitional Funding Instruments 1.50%
Short-Term Debt 0.21%
Preferred Securities, Tax Advantaged 0.26%
4.52%